Security Violations and Retribution Policy

In accordance with Section 1-304 of the National Industrial Security Program Operating Manual (NISPOM)

Individual Responsibility

SECURITY VIOLATIONS AND DISCIPLINARY ACTIONS

A. Responsibility:

1. Management: All management level employees will ensure that employees under their supervision are sufficiently familiar with the company security procedures to enable them to comply with those procedures in accomplishing their assigned tasks.

2. Security Department: The Merlin RAMCo Inc. (MRI) Facilities Security Officer (FSO) or alternate will, in a continuing effort to preclude security violations and promote sound security practices, maintain a vigorous security awareness program. In addition, the FSO or alternate will give security briefings and training as required, and provide advice and assistance as needed.

3. Employees: Each employee has a legal, contractual, and moral responsibility to perform their duties in compliance with the security procedures. Good security is always a team effort.

B. Procedures:

1. Investigation: Each incident of failure to follow security procedures must be reported immediately, by the employee discovering the problem, to the FSO or alternate who must promptly investigate the matter and report it to the office of the President or the General Manager. All employees are required to assist in any such investigation upon request.

2. Disciplinary Action: Employees who violate the security procedures are subject to the graduated scale of disciplinary actions as follows:

   • First violation within a period of 12 consecutive months — verbal reprimand and counseling by the FSO or the employee’s immediate supervisor.
   • Second violation within a period of 12 consecutive months — written reprimand and possible one day suspension without pay.
   • Third violation within a period of 12 consecutive months —
Termination or written reprimand and temporary suspension of custodian privileges with notice to the employee’s personnel file. A third violation will result in a minimum of three days suspension without pay.

Deliberate incidents or incidents which involve gross negligence or a pattern of negligence will be reviewed on a case-by-case basis for appropriate disciplinary action and could result in termination of employment.

Each cleared employee of MRI is required to report to the FSO or alternate any of the following:

- Espionage information coming to his or her attention concerning existing or threatened espionage, sabotage or subversive activities.
- Compromise--The loss, compromise or suspected compromise of classified information—whether within or outside the company—as well as failures to comply with NISPOM requirements, regardless of the classification level involved, will be reported to the FSO or alternate.
- Adverse information--Any information coming to their attention concerning any employee who is currently cleared or is in the process of being cleared for access to classified information, which indicates such access or determination, may not clearly be consistent with the national interest. As a general rule, this is information that reflects adversely upon the integrity or character of the employee and suggests his or her ability to safeguard classified information could be impaired. Reports based on rumor or innuendo should not be made. Some examples of adverse information which should be reported to the FSO or alternate are:
  - Criminal activities
  - Bizarre or notoriously disgraceful conduct
  - Treatment for mental or emotional disorders
  - Excessive use of intoxicants
  - Use of illegal substances such as marijuana, heroin, cocaine and hashish.
  - Excessive indebtedness or recurring financial difficulties, including garnishments.
  - Refusal to pay government fines is also reportable even if only traffic tickets.

These examples are not all inclusive. If there is any doubt whether something should be considered adverse or not, report the information to the FSO or alternate for determination. Reporting such information does not necessarily mean termination of a personnel clearance.

- Foreign travel, personal exchange, or meetings in other countries - Any personal exchange with foreign nationals or representatives should be reported. The intended travel to a foreign country or attendance at an international scientific, technical, engineering, or other professional meeting regardless of the geographic location is also reportable. This travel should be reported to the FSO or alternate at least 30 days in advance of travel so the FSO or alternate can provide all travelers with a defensive security briefing and counterintelligence awareness briefing. All travelers must report to the FSO or alternate upon their return for a debriefing. [See Attachment 1.]
• Change in cleared employee status to be reported:

1. Death
2. Change in name
3. Termination of employment
4. Change in marital status
5. Change in citizenship
6. When the possibility of access to classified information in the future has been reasonably foreclosed.

• Representative of a foreign interest (RFI) - Any change in status which causes an employee to become a representative of a foreign interest. This would occur when a citizen or national of the United States or an immigrant alien acts as a representative, official, agent, or employee of a foreign government, firm, corporation or person.

• Employees desiring not to perform on classified work. This includes an employee who no longer wishes to be processed for a clearance or to continue an existing clearance.

• Refusal to execute SF 312, "Classified Information Nondisclosure Agreement."